

**FULL TEXT OF MEASURE G
CITY OF LA HABRA**

The People of the City of La Habra do ordain as follows:

The currently existing City of La Habra Utility Users' Tax, originally enacted by the City Council in 1992 by ordinance number 1445 and as amended in 2001 by ordinance numbers 1587, 1595 and 1596 and as approved as Measure II by the voters of the City of La Habra on March 5, 2002, is hereby modified by this measure.

Funds from the tax are to continue to be collected for general city services and programs. An annual audit is to continue to be conducted regarding the revenue and expenditures relating to the tax. Exemptions are to remain in effect for low income seniors and the disabled. The tax rate for all utilities covered by the ordinance shall be permanently reduced from 6% to 4.5% for all utilities except electricity, to be maintained at the current rate of 4.5%, effective July 1, 2006. The termination date of December 31, 2007 shall be revoked, and the tax shall become permanent at 4.5% for all utilities. Clarifying revisions to the telephone communications tax are made to eliminate the Land Mobile exemption, modify the non-regulated utility exemption, specifically include voice over internet protocol, modify the definition of telephone communication services to include ancillary services, and provide that future adoption of any statewide definition of telecommunications services shall apply.

**IMPARTIAL ANALYSIS BY CITY ATTORNEY
MEASURE G**

This Measure seeks modifications to the existing Utility Users' Tax, including reducing the tax on all utilities to 4.5%, except electricity to be maintained at the current rate of 4.5%, effective July 1, 2006, and extending the tax beyond December 31, 2007. The Measure would also clarify the definitions affecting the tax relating to telephone communication services, in order to include current telecommunications technology, identify ancillary services included in such services, and modify certain exemptions to the telephone communication services utility users' tax. It also provides that subsequent definitions relating to telecommunications services adopted by state law will apply to the City's tax. The tax was originally enacted by the City Council on December 15, 1992. The voters approved the existing tax at an election on March 5, 2002. The tax currently includes exemptions for low income seniors and the disabled, includes a requirement that an annual audit be done of the revenue and expenditures relating to the tax, and provides that the tax terminate on December 31, 2007.

The Utility Users' Tax provides just over \$ 4.6 million of the City's general fund revenue, or approximately 14% of the City's general fund operating budget, which is used primarily for provision of the City's basic services such as public safety, transportation, parks and other general services.

A "yes" vote on this Measure would reduce the tax from 6% to 4.5% on all utilities, maintain a 4.5% rate on electricity, effective July 1, 2006. Approval of the Measure would also extend the tax at the rate of 4.5% for all utilities beyond the current termination date of December 31, 2007. If the Measure is approved, the tax will also be updated to include language applicable to current technology with respect to telecommunication services, to clarify the definition of telecommunications services, modify certain exemptions, and provide for application of subsequently enacted state law defining telecommunication services. Existing provisions of the tax relating to exemption of low income seniors and the disabled would remain unchanged, as would the requirement that an annual audit of the tax revenue and expenditures continue to be conducted. These provisions cannot be changed without a vote of the people.

A "no" vote on this Measure would allow the City to continue collecting the Utility Users' Tax at the current rate of 4.5% on electricity and 6% of all other utilities until the expiration of the tax on December 31, 2007. Until expiration of the tax, existing provisions relating to low income seniors and the disabled being exempt from the tax would remain unchanged, as would the requirement that an annual audit of the tax revenue and expenditures continue to be conducted. After December 31, 2007, collection of the utility users' tax would cease, and the City's general fund revenue would be reduced by 14%. Reductions in expenditures would then have to be made accordingly by the City Council, which could include employee lay offs, consolidation of employee positions and City programs, elimination and/or reduction of funding for City programs.

THE ABOVE STATEMENT IS AN IMPARTIAL ANALYSIS OF MEASURE G. IF YOU DESIRE A COPY OF THE MEASURE, THE PROPOSED ORDINANCE, OR THE EXISTING UTILITY USERS' TAX ORDINANCE, PLEASE CALL THE CITY CLERK'S OFFICE AT (562) 905-9707, AND A COPY WILL BE MAILED AT NO COST TO YOU.

s/ Richard D. Jones
City Attorney

ARGUMENT IN FAVOR OF MEASURE G

A YES vote is a **vote for continued progress.**

Recent years have seen improved roads, parks, retail centers and capital improvements.

Many of you recently purchased a home or re-invested in your current home as a result of tremendous La Habra real estate values. After making this investment, would you want your City unable to provide the same level of services you have come to enjoy? No!

Protect your investment, vote YES on Measure G.

There have been unanticipated challenges which make progress difficult without reliable revenue sources. State takeaways, unfunded programs imposed by State and Federal governments, increased PERS costs and closures and delays of major sales tax producers have all contributed to a serious fiscal situation.

Although we continue to make progress, **there is still much more work to be done.**

Please consider these important facts:

- **This measure REDUCES the tax rate** starting in July of 2006 and continues to exempt low income seniors and disabled persons.
- **The measure will cost you no more than you pay today.** A yes vote ensures you pay less!
- Without the tax the City will cut nearly \$5,000,000 in services, programs and funding for sorely needed capital improvements.
- The tax accounts for 14% of the City's General Fund and is the 3rd largest revenue source.
- **It is the only revenue source that cannot be touched by the State.**

Since the passage of the utility tax, please consider a few benefits from this important revenue source:

- Dramatically increased property values
- Outstanding enhanced public safety services
- Millions of dollars in street and sidewalk repairs
- Construction of La Bonita Park sports and recreation complex
- Restoration of Las Lomas, Loma Verde, Loma Norte and other parks
- New youth recreation opportunities
- Senior Transportation
- New local shopping and dining opportunities

Vote **YES** on Measure G. **CONTINUE THE PROGRESS.**

s/ Steve Anderson, Mayor

s/ John D'Angelo, Local Businessman

s/ Dawn Stille, Local Businesswoman, Concerned resident

s/ Juan Guerrero, Concerned resident

No argument against this measure was submitted.